



*Investors and environmentalists
for sustainable prosperity*

28 July, 2008

Anne Stausboll
Interim Chief Investment Officer
Cal PERS
P.O. Box 942701
Sacramento, CA 94229-2701

Dear Anne,

I am writing this letter in support of the Infrastructure Investment Policy under consideration by the CalPERS Investment Board. On behalf of Ceres, I commend the inclusion of environmental risks and sustainable practices within this policy.

Investors around the world are recognizing the significant impacts that climate change and other environmental issues will have on their portfolios. Focused investments in infrastructure have a long-term investment horizon that demands environmental sustainability.

This policy incorporates language that highlights how CalPERS will implement their commitment to sustainability while maximizing returns and upholding their fiduciary duty. The policy acknowledges the relevance of energy efficiency, fuel economy standards, and energy consumption in today's economy, as well as in the long term, and commits to considering these elements in infrastructure investment decisions where applicable.

Ceres and the Investor Network on Climate Risk anticipate that this policy may become a model for other funds that are considering making new infrastructure investments. It embodies both traditional investment criteria as well as parameters specific to minimizing the risks and capturing the opportunities inherent in a sustainable, low carbon future. We look forward to following the implementation of this policy and monitoring the risks and returns of these investments over time.

We are grateful for your leadership and are honored to have been a partner in this process. It has been a pleasure to work with CalPERS on this innovative policy and we look forward to future collaboration.

Sincerely,

Kirsten Snow Spalding
Senior Advisor

cc. Mindy Lubber